BANK OF CANADA
BANQUE DU CANADA

Senior Loan Officer Survey

on Business-Lending Practices in Canada

Results of the Third-Quarter 2011 Survey

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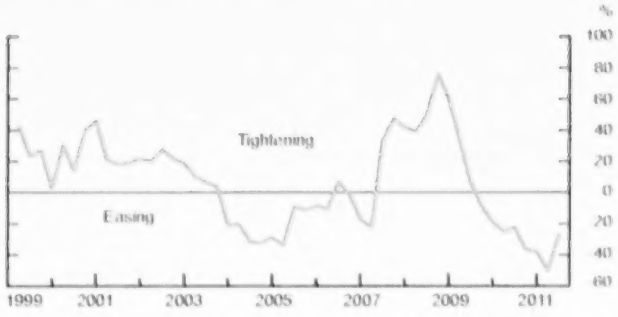
This *Senior Loan Officer Survey* (SLOS) focused on changes to business-lending practices in the third quarter of 2011.

- The survey results point to an overall easing in business-lending conditions during the third quarter of 2011, although the degree of consensus on easing has moderated since the previous survey (**Chart 1**). Both the price and non-price aspects of business lending eased during the quarter (**Chart 2**). Note that the balance of opinion indicates only the direction of the change in lending conditions; it does not provide information on the magnitude of the change.
- Eased lending conditions were reported across all borrower categories. For corporate borrowers, lending conditions eased for the ninth consecutive quarter. For commercial borrowers, the survey results indicate a net easing for the sixth consecutive quarter, while for small businesses, overall lending conditions improved for the fourth quarter in a row.
- Respondents continued to consider competition among lenders as the key factor underlying the easing in business-lending conditions.
- The balance of opinion regarding the demand for credit from financial institutions increased during the third quarter. The net increase was mostly related to a rise in demand for financing for "general purposes."

Chart 1: Lending conditions continued to ease for Canadian non-financial firms . . .

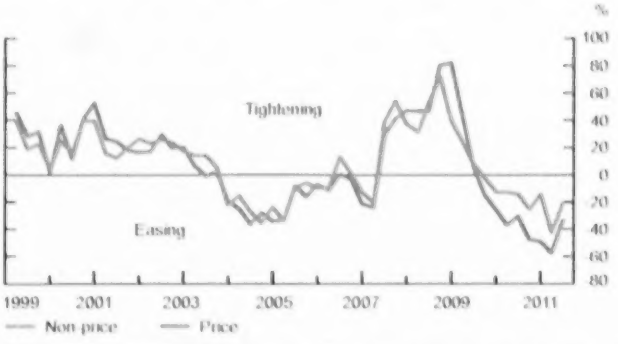
Overall business-lending conditions: Balance of opinion*



* The balance of opinion is calculated as the weighted percentage of surveyed financial institutions reporting tightened credit conditions minus the weighted percentage reporting eased credit conditions. Thus, a positive balance of opinion implies a net tightening. The chart shows the average of the balances of opinion for the price and non-price dimensions of lending conditions.

Chart 2: . . . in both price and non-price terms

Price and non-price lending conditions: Balance of opinion*



* The balance of opinion is calculated as the weighted percentage of surveyed financial institutions reporting tightened credit conditions minus the weighted percentage reporting eased credit conditions.

Note: Each series is the simple average of the balances of opinion for the small business, commercial and corporate sectors.

The *Senior Loan Officer Survey* collects information on the business-lending practices of major Canadian financial institutions. In particular, the survey gathers the perspectives of respondents on price and non-price terms of business lending and on topical issues of interest to the Bank of Canada. The survey is conducted quarterly, near the end of the quarter for which the results are reported. The third-quarter survey was conducted between 19 and 23 September 2011. Additional information on the survey is available on the Bank of Canada's website.

The survey results summarize opinions expressed by the respondents and do not necessarily reflect the views of the Bank of Canada.

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